

ECONOMIC DEVELOPMENT FUND

PROGRAM:

Economic Development Grant and Loan Program

PROGRAM ELEMENT:
PROGRAM MISSION:

To offer financial assistance to private employers who are located or who plan to locate or substantially expand operations in the County in order to increase job opportunities for County residents, enhance the County's competitiveness nationally, and increase its tax base

COMMUNITY OUTCOMES SUPPORTED:

- Increase employment opportunities and economic security for County residents
- Expand and enhance the value of the County's tax base
- Foster a positive business climate

PROGRAM MEASURES^a

	FY03 ACTUAL	FY04 ACTUAL	FY05 ACTUAL	FY06 BUDGET	FY07 CE REC
Outcomes/Results:^{b,c}					
Number of businesses that expanded or located in the County	6	3	6	10	10
Number of jobs retained in the County or attracted from other jurisdictions	407	242	188	1,000	600
Number of new jobs projected to be created within 3 years of EDF assistance	233	260	246	750	550
Amount of new private capital invested or projected to be invested (\$000)	84,395	2,600	5,480	170,000	90,000
Service Quality:					
Average time from submission of the application to making the EDF offer (days) ^d	19	19	18	18	18
Efficiency:					
Amount of EDF assistance provided per job retained or created (\$) ^e	1,005	339	864	457	^g 978
Amount of private capital invested in projects per dollar of EDF assistance (\$)	131.25	15.29	14.61	25	30
Workload/Outputs:					
Number of EDF offers of assistance made to the applicant businesses	7	6	14	15	15
Inputs:					
Expenditures (disbursements from cumulative appropriations) (\$000)	643	170	375	^e 6,800	^g 3,000
Annual approved budget + supplemental appropriations (\$000)	480	^e 7,216	^f 466	^f 452	3,098

Notes:

^aDetailed information on EDF transactions is published in an annual report to the County Council on March 15 of each year. Due to the difference in the reporting year used for that report versus the fiscal year used here, the results reported here may differ from those in the annual report.

^bDue to the very dynamic nature of business expansion/relocation projects, the information provided above must be constantly updated to remain accurate. The figures shown in this display are, therefore, subject to adjustments from year to year. For example, a business that relocated to the County from New Jersey in FY03 could, due to a subsequent merger, move out of the County in FY05, prompting an adjustment to the reported Outcomes/Results for FY03.

^cThere is a time lag between when a company accepts the EDF assistance and when the EDF disbursement to that company is made. To achieve consistency in reporting, Outcomes/Results are reported when a business receives EDF disbursement, not when it accepts the offer.

^dApplication processing time includes fiscal impact analysis, due diligence, and negotiations with the State of Maryland.

^eIn late FY04, \$6.75 million in supplemental appropriations were approved to close the deal for the Westfield's Parking Lot Project (\$6 million) to attract Macy's into the Wheaton Mall, and to close the deal for the Nederlander project (\$750,000). The actual disbursement on these two projects, projected to occur in FY05, has been delayed to FY06/FY07 due to the delay in project completion. Since the nature of the Parking Lot Project is rather unusual compared to other EDF transactions and the \$6 million financial assistance is not directly tied to job creation (although Macy's is expected to create 300 - 500 jobs) but rather to cover the construction cost for the parking building, the parking building expenditures and the resulting \$150 million in private capital investment are not included in the efficiency measures.

^fIn FY05, \$100,000 was allocated to the new Impact Assistance Program. The purpose of this program is to help mitigate any adverse impact which small businesses might be experiencing due to County-initiated development, redevelopment, or renovation projects. In FY06 and FY07, \$100,000 was again included for the Impact Assistance Program. Since this program is not tied to job creation, the \$100,000 for impact assistance has been excluded from the FY05 - FY07 budget and expenditure figures shown above. All related personnel costs are directly charged to the Fund and are included in the above annual approved budget.

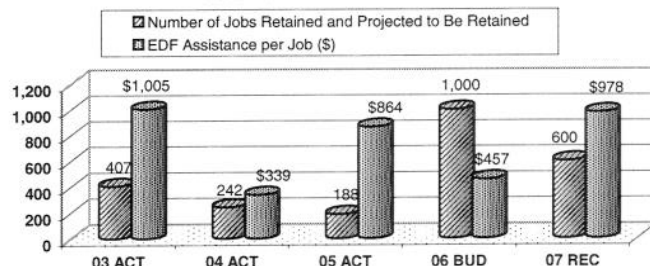
^gOf the \$3 million in expenditures projected for FY07, \$1.875 million is for the Nederlander Project, which involves renovation of an old theater and is not expected to create jobs. As such, this project is excluded from the cost per job calculation.

EXPLANATION:

The Economic Development Fund (EDF) program consists of five sub-programs: the Economic Development Grant and Loan Program, the Technology Growth Program, the Small Business Revolving Loan Program, the Impact Assistance Program, and the Demolition Loan Program. The first four sub-programs are administered by the Department of Economic Development, and the fifth by the Department of Housing and Community Affairs. The EDF itself is administered by the Department of Finance.

The EDF has consistently realized a greater leverage ratio of private sector capital to EDF dollars invested - and a much lower per-job cost than comparable economic financing programs (most of which expend over \$3,000 to retain/create a job).

**Total Jobs Retained/Projected to Be Created
and Per Job EDF Costs**



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: Department of Finance, Department of Housing and Community Affairs, Office of the County Attorney, State of Maryland.

MAJOR RELATED PLANS AND GUIDELINES: County Code Chapter 20-73 to 20-76, Executive Regulation 47-95, Senate Bill 446, Executive Regulation 23-99AM, The Annotated Code of Maryland, Article 83, Section 5-1405.